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JOSEPH POPE

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ARTICLE CASE No. 12

AN

OPEN LETTER

TO THE SHAREHOLDERS

OF THE

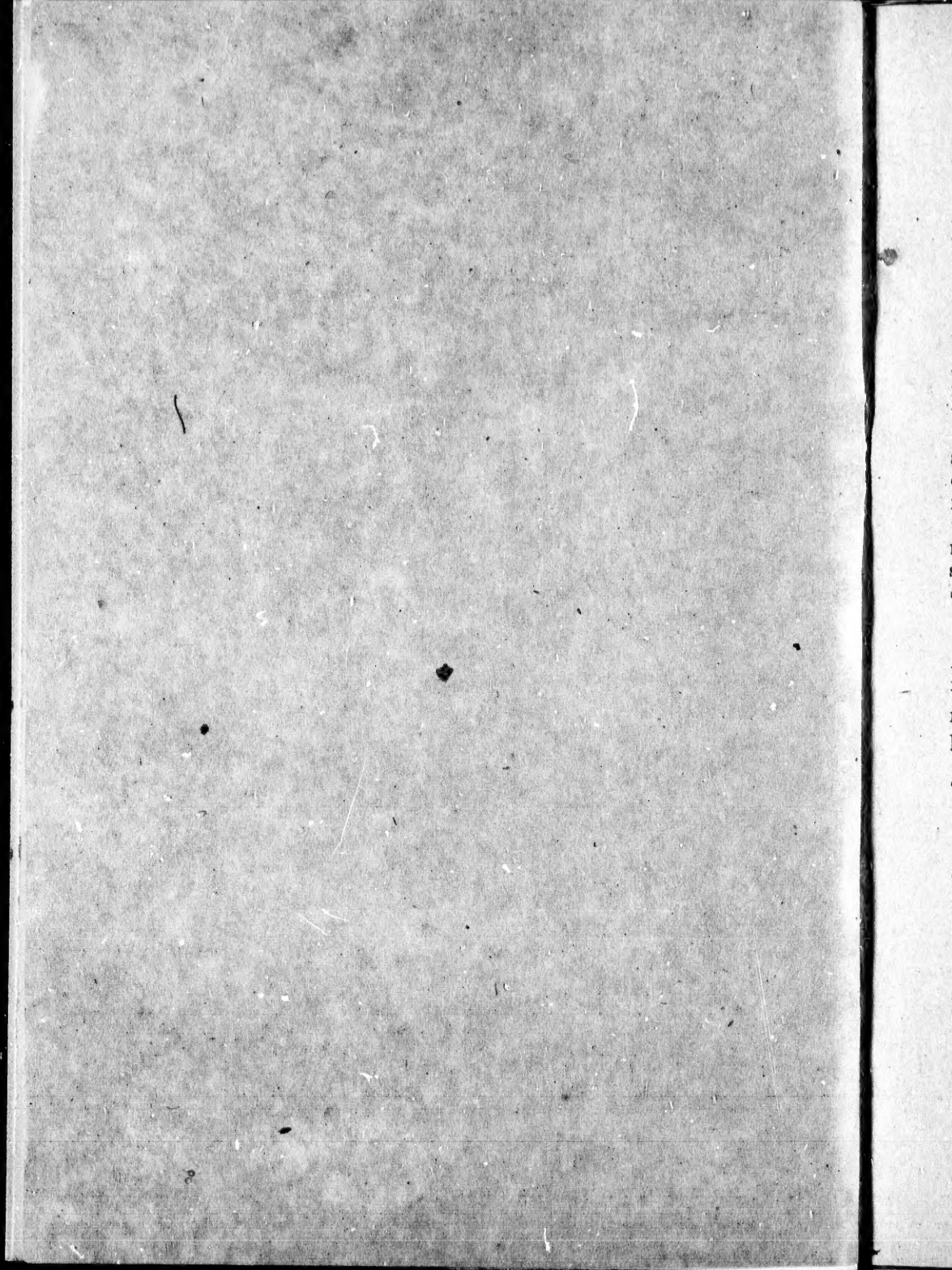
CANADIAN PACIFIC RAILWAY CO.

BEING

AN ANSWER TO THE CIRCULAR LETTER OF SIR GEORGE STEPHEN,
PRESIDENT OF THE COMPANY, ADDRESSED TO THE SHAREHOLDERS,
ON THE SUBJECT OF THE DISALLOWANCE, BY THE DOMINION
GOVERNMENT, OF RAILWAY CHARTERS GRANTED BY
THE LEGISLATURE OF MANITOBA.

1ST OCTOBER, 1887.

ISSUED BY AUTHORITY OF THE
WINNIPEG BOARD OF TRADE AND THE
BRANDON BOARD OF TRADE.



To the Shareholders of the Canadian Pacific Railway Company:

GENTLEMEN,—The Boards of Trade of the City of Winnipeg, the capital of the Province of Manitoba, and of the City of Brandon, request, as a matter of justice, your consideration of the appended statement of facts connected with the present agitation in Manitoba, for the construction of a line or lines of railroad in competition with the lines of your Company.

This information is demanded by the recent circular or letter addressed to you by your president, Sir George Stephen, which circular or letter is so unjust and so untruthful in character that it cannot be allowed to pass without challenge. We think we will be able to convince you that that document is based upon misquotation of the contract with the Company, and misrepresentation both of the constitutional rights of the Province and of the extent and character of the present agitation.

THE CONSTITUTIONAL QUESTION.

In order that a proper understanding of the matters in dispute may be arrived at, it is necessary to consider the provisions of the Canadian Constitution, and the position with respect to the Federal authority that Manitoba, and the other provinces, occupy.

This is admirably summarized in a letter declared to be from "an eminent Canadian statesman," published in the London (Eng.) *Economist*:

Under the Confederation Act two vetoes are reserved. One is in favor of the Imperial Government, under which they are empowered to disallow any act of the Dominion Parliament within two years. The other is in favor of the Dominion Government, by which they, in turn, have the power to disallow any act of any of the local legislatures with one year. These powers are couched in precisely similar terms and confer precisely similar authority. They were naturally very fully discussed during the debates on the Confederation act and subsequently, and it was then most plainly declared—as, indeed, might be expected from the very nature of the case—that these vetoes were most strictly of the nature of reserved powers, only to be exercised in extreme emergencies, and where it was clear that the Provincial or Dominion legislatures had overstepped their legitimate functions. It was never contemplated for one instant that such a power would be had recourse to for the purpose of depriving a province of the right to legislate on any subject clearly within its jurisdiction, and it is not possible to conceive a grosser violation of the whole spirit and intent of the Act of Confederation than to attempt to use it for any such purpose. I hardly need point out to your readers, that were the Imperial cabinet to use its power to veto any act passed by the Dominion Parliament on a matter admittedly within its juris-

diction, the result would be most serious ; and the situation as between Manitoba and the Dominion authorities is exactly similar.

Sir John Macdonald himself said, during the course of these debates :

"The rights of self-government heretofore conceded to the several Provinces are not in any wise impaired by their having entered into a Federal compact, and no infringement upon those rights, which would be at variance with constitutional usage, or with the liberty of action previously enjoyed by the Provinces when under the direct control of the Imperial Government, would be justifiable on the part of the Dominion Executive."

There was no misunderstanding the purport of the Confederation Act. Lord Carnarvon, in 1876, in alluding to the veto power, used this language :

* * "If the Dominion legislature, or those members of it who, for the time being, are selected as the advisers of the Governor-General, could be said to have the power of controlling the enactment or operation of Provincial Acts, the consequence would be a virtual repeal of the section of the British North America Act, 1867, which gives the exclusive right of legislation in certain matters to the Provincial Legislatures."

As further evidence of the abuse of the veto power by the Federal authority, of which Manitobans bitterly complain, attention is called to the fact that an Interprovincial Conference is about to be held, when all the Provinces of the Dominion, originally comprising Confederation, will be represented, and at which it is the declared intention to request Imperial Legislation with a view to the entire removal of a prerogative that has been grossly abused.

Clearly, if the Federal authority has technically the legal power to disallow Manitoba Railroad Legislation, the exercise of that power is to perpetrate a constitutional wrong, and to endanger the very ground work of Confederation.

Yet, it is only upon this slender thread that a pretext can be found for thwarting the railroad projects of Manitoba.

THE MONOPOLY CLAUSE.

We now come to consider this constitutional question as it affects the charter granted to the Canadian Pacific Railroad Company, and in so doing will deal with the letter of the President of the Company.

On the second of October, 1880, the now famous contract between the Dominion Government and the Canadian Pacific Railway Company was signed, and on the 17th of February following it was adopted.

Sir George Stephen says :

Article 15 of the contract provided that for twenty years the *Dominion Government* should not authorize the construction of any line of railway run-

ning south from the main line of the Canadian Pacific Railway to any point within fifteen miles of the international boundary.

The very words of the clause are:

For twenty years from the date hereof no line of railway shall be authorized by the *Dominion Parliament* to be constructed south of the Canadian Pacific Railway from any point at or near the Canadian Pacific Railway, except such line shall run west or west of southwest, nor within fifteen miles of latitude 49, and in the event of the establishment of any new Province in the Northwest Territories, provision shall be made for continuing such prohibition.

It will be observed that there is an apparent willful misquotation by Sir George of the wording of the monopoly clause, by using the words "Dominion Government," while the contract reads "Dominion Parliament." By the alteration he destroys the meaning of the entire clause. "Mind you, the Dominion Parliament," said Sir John Macdonald, referring to this clause, and he did well to emphasize the words.

The Dominion Parliament—which could not check Manitoba—was bound, and not the Dominion Government—which might, through the veto power, (although committing a constitutional wrong,) have done so. In any event, it would scarcely have been possible for parliament to have given a pledge that the power of disallowance would be exercised, because that power is a prerogative of the crown, over which parliament has no control beyond approval or disapproval of the advice given to the Governor General by his constitutional advisers. Advice which, in the opinion of many eminent jurists, and in that of the population of this Province, it is not necessary His Excellency should ask in using so high a power. Indeed, in taking such a course, his instructions from Her Majesty might undoubtedly be of such a nature as to debar him on this question asking the advice of his ministers. At any rate, had members of the Dominion Government bound themselves to advise the disallowance of such acts, they could only have bound themselves as individuals as long as they remained in power, and could not have bound a government composed of men who took an opposite view of the question, and might have differently advised the Governor-General.

For reasons already stated, the Dominion Parliament could not control the action of the Provincial Legislature of Manitoba, and did not attempt to do so.

Manitoba was then an *existing* Province, clothed with all the powers of a Province under the British North America Act to charter railway lines within its own borders. That this fact was present to the minds of the makers of the contract at the time

of making it is manifest from the care taken to provide for the case of any new Province. Yet, in full view of this fact, no provision of any kind was inserted in the contract, nor was any attempt made to establish monopoly in Manitoba. In other words, Manitoba was deliberately left free.

But we have not to rely on the words of the contract alone. Sir John Macdonald said during the debate on the questions of ratifying the contract:

In order to give them a chance we have provided that the Dominion Parliament—mind you the Dominion Parliament—we cannot check Ontario, *we cannot check Manitoba*,—shall for the first ten years after the construction of the road into which they are putting so much money and so much land have a fair chance of existence.

Hon. Thos. White, then a supporter of the government, and now Minister of the Interior, used these words:

There is nothing to prevent Manitoba now, if it thinks proper, granting a charter from Winnipeg to the boundary line. This provision does not take away from Manitoba a single right it possesses. * * * *There is nothing to prevent the Province of Manitoba from chartering a railway from Winnipeg to the boundary to connect with any southern railway.* The only guarantee which this company has under the contract is that the traffic shall not be tapped far west on the prairie section, thus diverting the traffic away from their line to a foreign line. But there is nothing to prevent a railway being built in Manitoba, within the Province, that would carry the traffic to any railway that may take it from the American side.

This interpretation of the provisions of the contract was generally accepted by parliament and by the country. It was reiterated by the Ministerial press the length and breadth of the Dominion, and not a single voice—although Sir George Stephen and his associates were in hearing when these statements were made—was raised in contradiction. And, on the faith of these assurances, the contract was ratified and became law. It must, therefore, be plain to every unprejudiced mind that the C. P. R. Co. could not have expected a monopoly in Manitoba.

To make this plainer, it may be pointed out that within six weeks after the incorporation of the Company and the ratification of its contract, the same Parliament, at its same Session, passed an Act extending the limits of Manitoba, by adding thereto a large tract of territory, which, up to that time, had been a part of the Northwest Territories, and subject to the fifteenth clause of the contract, and by the enactment making that extension, Parliament provided that the said increased limits and the territory thereby added to the Province of Manitoba, should be subject to all such provisions as may have been or shall hereafter be enacted respecting the C. P. R. and the land to be granted in aid thereof. Here was an opportunity if it had been intended

that monopoly should be established within the original limits of Manitoba to have that matter placed beyond dispute. Yet the Government and Parliament of Canada deliberately granted to Manitoba the large extension of her boundaries and confined the restriction to the added territory, which was already subject to it.

Despite the pledges made to Parliament and the country with respect to the Legislative freedom of Manitoba, the Dominion Government in November, 1882, disallowed several railway acts of this Province. This action caused a great deal of complaint in Manitoba, as it was regarded as a breach of faith. Protests by deputation and memorial were made to the Ottawa authorities, and in 1884, on the occasion of a fresh application to Parliament for financial assistance for the C. P. R. Company, Sir Charles Tupper, the then Minister of Railways, said :

I am glad to be able to state to the House that such is the confidence of the Canadian Pacific Railway Company in the power of the Canadian Pacific Railway to protect itself that when the line is constructed north of Lake Superior the Government feel it will not be incumbent upon them to preserve the position they have hitherto felt bound to preserve, that of refusing to consent to the construction of lines within the Province of Manitoba, connecting it with American railways to the south.

It is quite clear that if the contract with the Railroad Company called for a monopoly in Manitoba, the Government would not have set an early date for the abandonment of its policy of disallowance.

Sir George Stephen and the other directors of the Company were aware that this promise was made and did not dissent. In fact, though challenged to do so, they have not denied that the promise was made with their knowledge and consent.

Despite Sir Charles Tupper's promise, disallowance did not cease on the completion of the line north of Lake Superior, but Government has continued to declare that its policy was a tentative one.

As to the facts of the contract, the Hon. Thomas White addressing the Junior Conservatives of Winnipeg, on the 8th of March last, said :

Your address refers to the question of disallowance, and the elections must have recently occurred, and the discussions to which they have given rise have added additional interest to this question. As you are aware the contract with the C. P. R. in no way interferes with the right of the Legislature of Manitoba to grant charters within the boundaries of the Province as they existed at that time. This was very clearly pointed out during the debates in Parliament, when the contract with the Syndicate and the charter to the Company were granted.

During the same month the *Montreal Gazette*, a newspaper which is understood to be under the immediate control of Mr. White, said :

The question of disallowance of railway charters within the old boundaries of Manitoba is a question of policy, and in no way either a legal or moral obligation.

On the third of May last, the Minister of Justice, addressing the president of the Winnipeg Board of Trade and other members of an anti-disallowance deputation from the City of Winnipeg, said :

There is no legal or constitutional reason to prevent the Province chartering railways that may connect with American lines from the south meeting them at the boundary, it is a question simply of the Government's trade policy.

And even since the letter of the President of the C. P. R. Co. was made public, the *Montreal Gazette*, the leading organ of the Dominion Government, and, as already stated believed to be controlled by Hon. Thos. White, has said :

Exactly the application the Premier intended his words to have we cannot, of course, know, they may be read as referring solely to the legislative action of Manitoba, and certain it is that the disallowance of provincial charters to the boundary was not a matter of contract with the Canadian Pacific Railway Company.

It has also said :

The harvest this year will go far towards solving the difficulty and rendering the abandonment of disallowance possible without injury to the Railway Company, and, therefore, without menace to the commercial prosperity of the country at large.

And again :

The duration of monopoly is dependent upon circumstances. If the interests of the country, which are so closely allied with that of the Company, warrant its abandonment in the early future, we believe the Government can consistently advise the Governor-General to assent to Provincial Railway Acts.

Could facts be found more damaging to Sir George's contention, that his company was to have a monopoly in Manitoba? Every line of evidence is directly to a contrary effect; and your President admits the weakness of his case when he misquotes the monopoly clause, and completely ignores the facts so formidably arrayed against him.

The contract did not provide for monopoly, and the existence of any private agreement—which at the best would be an insult to Parliament—has been publicly denied by Sir Donald A. Smith.

A FALSE CONTENTION.

In view of the interpretations above given, as to the constitutional powers of a province, it is useless for Sir George to present his afterthought that the province of Manitoba cannot char

ter roads intended to connect at the boundary with a foreign road. He says:

"Power to legislate concerning railways extending beyond the international boundary or intended to connect with other lines at such boundary is nowhere in the constitution given to the provinces."

Section 92 of the British North America Act, which lays down the legislative powers which the Dominion Parliament and the Provincial Legislature respectively possess, and to which Sir George refers, provides as follows:

"XCII. In each Province the Legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated, that is to say: * * *

(10.) Local works and undertakings other than such as are of the following classes:

(a.) Lines of steamers or other ships, railways, canals, telegraphs, and other works and undertakings connecting the Province with any other or others of the Provinces, or extending beyond the limits of the Province.

(b.) Lines of steamships between the Province and any British or foreign country.

(c.) Such works as, although wholly situate within the Province, are before or after their execution declared by the Parliament of Canada to be for the general advantage of Canada, for the advantage of two or more of the Provinces."

Now the Red River Valley Railway does not connect with any "other or others of the Provinces," it is not a "line of steamships," nor has it been "declared by the Parliament of Canada to be for the general advantage of two or more of the Provinces;" if anything, the very reverse has happened. The only question, then, is, is it "a line extending beyond the limits of the Province," for if it is, it is not one of those subjects in relation to which the "Provincial Legislature may exclusively make laws," and in that case the Dominion Parliament might have the right to interfere.

The fact that a railway is at this moment in construction from Port Arthur southwestward to a point in the United States boundary under the authority of a charter granted by the Ontario Legislature, ought to dispose of the contention put forward by Sir George, that there are legal decisions on this particular point.

This very question came before the Supreme Court of New Brunswick (another Canadian Province and therefore in precisely the same position as Manitoba) in 1871 in the case of the "European and North American Railway Company for the extension from St. John's, Westward" against "Thomas" and Chief Justice Ritchie, who is now Chief Justice of the Supreme Court of Canada, held as follows in delivering the judgment of the Court:

"But it is claimed to have been shown by evidence outside the Act that, at the time it was passed and also at the time of passing of the 32 Vic. C. 54, it was contemplated and intended by the promoters of the undertaking to connect with a line of railway to be built in the United States, to meet the E. & N. A. Railway for extension from St. John, Westward," at the boundary of the United States, and, therefore, it is contended, it was a railway extending beyond the limits of the Province. But we think we have no right to look to intentions or anticipations, or doings of parties outside the Provincial Legislature, either in the State of Maine or in the Province of New Brunswick, and that the intention of the Legislature, as expressed in the Act, alone can control us—that the fact of the Legislature of the State of Maine authorizing, or its people intending to construct, or actually constructing, a line of railway in that country, cannot in any way affect the authority of our own Legislature to legislate on, and deal with railway undertakings, provided always such railways do not connect the Province with any other or others of the Provinces, nor extend beyond the limits of the Province."

This is the simple question, and all we have to consider in determining on the validity of the Act. As to any possible or probable connection of the railway authorized to be constructed under this Act (which may have been thought of at the time of passing the Act) with a line or lines of railway to be constructed, not under the authority of these Acts, in the United States, we have nothing to do. We therefore think this is a local work and undertaking other than such as are of the classes enumerated in paragraphs a, b, and c, to sub-sec. 92, in relation to which the Legislature of this Province may exclusively make laws."

It need only be added that Judges Allen, Weldon and Fisher concurred in the decision of the Chief Justice. Thus we see that the entire bench of judges in the New Brunswick Supreme Court have found that "a line extending beyond the limits of the Province," does not mean a line running to its boundary.

Presuming the Province of Manitoba has no power to make foreign connections, what right has your Company to invoke Dominion interference? It took the contract in knowledge of the fact that it was to have no monopoly in this Province. If it has got all that the contract calls for, it cannot consistently ask for more. Your President says you were to be guaranteed protection from the south. Certainly, but only as far as the Dominion Parliament had jurisdiction; and that jurisdiction did not extend to Manitoba, but solely to the section of country then comprised in the Northwest Territories. To grant Sir George what he now claims would indeed be a breach of faith—not with the C. P. R. Company, it is true, but with the people and Parliament of Canada, and more particularly with the people of Manitoba.

If representations of a different and misleading character have been, and are being, made to you by your President and others, the fault does not lie with Manitoba, but with those who have made them.

THE LINE NORTH OF LAKE SUPERIOR.

It is true the construction of the line north of Lake Superior was a condition imposed upon your Company, but it was part of a bargain, for which you received enormous grants both of land and money. You undertook the construction of this portion of the road knowing that monopoly in Manitoba was no part of the price, and your President should not now be attempting to make it such. We are glad to have the admission that even from this unpromising section a valuable traffic is likely to be secured, and protest that as the Company is here receiving something it did not expect, it should not be seeking to acquire in addition something to which it has neither moral nor legal right.

NOT A MERE VILLAGE.

Nor was Winnipeg a mere village, as Sir George asserts, at the time the contract with your company was entered into. So far was this from being the case that Winnipeg had a population of 12,000 at that time and an assessment of over \$9,000,000, and it was from this mere village that Sir George Stephen and his associates were able at that very time to extract the following substantial grants, viz: A cash bonus of \$200,000, the building of the Louise bridge by the city at an expense of \$250,000, exemption of all their property within the city from taxation for ever, and free right of way through the city with station grounds, costing about \$20,000.

Sir George's sneer at the position of Winnipeg in 1881 was, therefore, uncalled for and devoid of truth.

It is also untrue that the railway monopoly was received without dissent in Manitoba. It was denounced by the Legislature and at largely attended public meetings, and the clamor only ceased when positive assurances were given to parliament, and through the ministerial press, that there could be no restriction placed upon Manitoba's rights in the matter of railroad construction within her borders.

BRANCH LINES.

Sir George Stephen also claims credit for the Company for having constructed branch lines in Manitoba to a considerable extent, and says that all these, except sixty-five miles, were built with the Company's money. But the fact is that a great proportion of this mileage was built with the proceeds of large land grants from the Dominion Government, assisted by the Government of Manitoba to the extent of \$6,400 per mile in provincial debentures and the sale of their own bonds. In point of fact, a large profit accrued to the promoters out of the building alone of

these branches, which are in themselves remunerative. These things are well-known here, and it is idle for Sir George to claim that Manitoba should be satisfied with monopoly out of gratitude for the building of branch lines.

FREIGHT RATES.

Your President claims that the Company has made its rates, both for freight and passengers, on a scale far below the rates of any of the railways of the United States *similarly situated*. What he means by the words "similarly situated" it is hard to say, but below will be found some comparison of rates with the railways supplying the States of Dakota, Minnesota and Iowa, immediately south of the Province of Manitoba, with which the farmers of this Province have to compete in the production of grain, and the Province for immigrants.

Comparing first the all-rail rates for carloads, the rate from Winnipeg to Montreal by the Canadian Pacific, a distance of 1,423 miles, is 46 cents per 100 pounds at the recently reduced rate. From St. Paul to New York, a distance of from 1,420 to 1,500 miles, according to the rail route taken, the rate is 32½ cents; from Council Bluffs, Ia., to New York, 1,440 miles, 25 cents per 100 pounds. That is to say, the Manitoba settler shipping from Winnipeg gets 10½ cents per 100 pounds or *eight cents per bushel less for his wheat, in consequence of the higher railroad rate, than the Minnesota or Dakota settler, shipping from St. Paul*; and 21 cents per 100 pounds or 13 cents per bushel less than the Iowa settler shipping from Council Bluffs. The through rail-and-boat rates for carloads hit him quite as hard. The rate per 100 pounds from Winnipeg to Fort William is 24 cents, and from there to Montreal by Canadian Pacific boats 15 cents, or 39 cents in all.

On the other hand the rate from St. Paul to Chicago by rail is 7½ cents, and the rate from Chicago to Montreal or New York 10 cents, the through rate being thus 17 cents, or less than half that imposed on the Manitoba settler. The through rate from Minneapolis to Liverpool, via Duluth, including harbor dues, etc., is 29 cents per 100 pounds. The through rate from Winnipeg to Liverpool, via Port Arthur and Montreal is 51 cents. So that the Canadian settler is handicapped in the Liverpool market to the extent of 22 cents per 100 pounds, or 13½ cents per bushel. It must be borne in mind, however, that this does not represent the full extent of his disability. He is much further from Winnipeg as a rule, than the Minnesota or Dakota settler is from St. Paul

or Minneapolis; and as his local wheat rate is much higher than that in force on the American side of the line, he loses heavily at that end of the shipment. The following table, compiled from the Canadian Pacific tariff, No. 61, which went into effect on April 25 last, and from the St. Paul, Minneapolis and Manitoba tariff No. 67, which took effect on August 25 last, will show the difficulty under which the Canadian settler labors as regards local wheat rates in carloads:

Miles.	C. P. R. from Winnipeg.	M. & M. from St. Paul.
20	9 cents.	4 cents.
30	11 "	5 "
50	13 "	7 "
100	17 1/2 "	9 1/2 "
200	24 "	15 1/2 "
300	29 "	19 "
525	39 "	27 "

LUMBER.—The rate from Rat Portage, the shipping point for the Lake of the Woods mills, to Winnipeg, a distance of 133 miles, is for green lumber \$4.65 per thousand feet; for dry lumber 15 1/2 cents per 100 lbs. Hull is to Montreal what Rat Portage is to Winnipeg, as regards the lumber supply. The rate from Hull to Montreal, a distance of 120 miles, is for green lumber \$1 per thousand; for dry lumber 5 cents per 100 lbs.

COAL.—The rate from Fort William to Winnipeg, 423 miles, is \$5 per ton, or one and one-fifth cents a ton per mile. A rebate reducing the rate to \$3.01 per ton is allowed to dealers importing 10,000 tons or upwards. This makes the rate for large shipments seven-tenths of a cent per ton per mile. The rate on the Intercolonial, which the Maritime members say is too high, is three-tenths of a cent per ton per mile. If Manitobans were granted the Intercolonial rate, imported coal could be sold in Winnipeg for \$1.75 per ton less than at present; and at Portage la Prairie, Brandon and other points at a proportionate reduction; whilst domestic coal from the Northwest mines could be laid down at Winnipeg for \$2 per ton below the present price.

Having seen how grievously the Manitoba settler is handicapped by the tolls collected on his grain, fuel and lumber, it is well also to show the freight rates charged on his general merchandise by the Canadian Pacific Railway.

	1st cls.	2d cls.	3d cls.	4th cls.
C.P.R., Montreal to Winnipeg, all rail, 1423 mls....	\$2.00	\$1.70	\$1.45	\$1.20
U.S. lines, N.Y. to Council Bluffs, all rail, 1440 mls...	.86	.69	.49	.35

How deeply the management of the Canadian Pacific Railway are interested in preserving their monopoly and the above extortionate rates may be estimated from the fact that the Company

pay to the St. Paul, Minneapolis and Manitoba Railway Company twelve per cent of the gross freight earnings between Port Arthur and Winnipeg, and the latter company's line being the only one in the United States which has hitherto had a connection at the southern boundary of Manitoba. In return for this bribe, extorted from Canadian pockets, this foreign corporation effectually chokes off all competition between the Province and the East by a southern route. How much this bribe amounts to annually is a secret well hidden from the Canadian public, but it has been stated on good authority, that for the past year, it aggregated in the neighborhood of \$400,000.

As regards passenger rates in the Province of Manitoba, in no case is the local tariff less than three cents per mile, and on some branches it is as high as five cents per mile. So much for Sir George Stephens' statements in that direction.

Some shareholders of the C. P. R. Company may not know that the President of the C. P. R. and another prominent Director are also stockholders in the St. Paul, Minneapolis & Manitoba Railway, and this may explain to them one reason why they do not wish a connection to be made with a competitor of that railway, the Northern Pacific.

At present the Company not only has a monopoly of railway carriage in this Province and the Northwest Territories, but also competes for through traffic with other trans-continental lines, and the Canadian Directors, having the personal ambition to win in the contest with their personal rivals in the United States, carry between the points at which they compete with American lines, at rates which are scarcely, if at all, profitable to it, and they make up for the smallness of their charges upon that traffic by charging enormously high rates where they have the settlers at their mercy. They thus keep down the *average* of their charges, which is quoted by President Stephen in his letter. And it may be remarked, *en passant*, that as the Dominion Government, under the Company's contract, has no power to interfere with the rates until the aggregate net earnings amount to more than ten per cent. of the cost of construction of the road, it is obvious that, while that aggregate is kept down as above indicated, it is useless for the people of Manitoba to seek relief from the Government against the iniquitous charges imposed upon them.

No stronger proof of the excessive rates charged by your Company could be found than the reduction made, since the present agitation commenced, of from 50 to 80 per cent. on British Columbia freights; while more recently the grain rates from

points along the main line west to Port Arthur and Montreal have been reduced from four to five cents per hundred pounds. And there is reason to believe that a reduction of more than double that amount was in contemplation, and would have been made ere this had there been absolute certainty of the Red River Valley Road this fall.

THE LEGAL PROCEEDINGS.

Allusion is made in the President's letter to the proceedings now pending before the courts, and an effort is put forth to create the impression that Manitoba has been proceeding without even the form of law. As usual the position is misstated. The injunctions now issued are but temporary; the points at issue in these cases are narrow in character, dealing merely with the expropriation of lands, and do not raise in any manner the legal rights of the Province in the matter of railway construction. At the present time it is not proper to pass any opinion upon these cases, but it is fair to say that there exists upon the provincial statute books general railway acts that have not been and cannot be disallowed, under which roads may be built to the boundary line or anywhere else within the Province. There is, therefore, legal sanction for the work undertaken by the Province. The Red River Valley Act, which has been disallowed, was only passed because it was desired to do the work in a manner different from that already provided by the statute.

THE AGITATORS.

In view of the facts herein set forth, no defence is required for the men who are engaged in the present agitation to secure the concession of the rights of the Province. It cannot be denied that the agitation is justifiable, and having no case, Sir George proceeds to abuse the agitators. In this work he has been ably seconded by the vice-president and general manager of the Company, Mr. W. C. VanHorne. We have no intention of bandying epithets with these gentlemen, but lest any misapprehensions should exist as to the character and extent of the movement, we would say that its promoters are:

1. The Local Government of Manitoba.
2. A unanimous Legislature of 35 members, fresh from the constituencies.
3. A practically unanimous people in Manitoba.
4. The leading newspapers of Eastern Canada and a large proportion of the Canadian people. (It is, therefore, far from being a case of 100,000 against 5,000,000, as Sir George puts it.)

The fact that the Red River Valley railroad is being built by the Local Government as a public work is ample evidence that its action is not supported solely by Winnipeg, which returns but two members to the Legislature. The unanimity of provincial feeling is further demonstrated by resolutions supporting the action of the Government, passed by nearly every municipality in the Province, and by the following, among other telegrams, read at an immense anti-disallowance mass meeting held in the City of Winnipeg, at which, though the notice of the meeting was short, twenty-five rural municipalities were represented.

BIRTLE, May 25.—The railway monopoly is unjust to old Manitoba. During the passage of the C. P. R. bill I was in Ottawa and gathered from the members and supporters of the Government that we would be exempt. Northwest Manitoba is strongly in favor of another outlet.

J. S. CRAWFORD, Mayor of Birtle.

GLADSTONE, May 25.—I believe it to be injurious to all the business interests in this Province, preventing the investment of capital. That speculators are the cause of the present agitation is untrue.

JOHN L. LOGIE, Mayor of Gladstone.

NEEPAWA, May 25.—Dead against monopoly. The people are a unit on that question here.

JOHN MCGREGOR, Reeve of Lansdowne.

NEEPAWA, May 25.—Put me down as sound on anti-monopoly. No difference of opinion on that point here.

J. CRAWFORD, Reeve of Lonsdale.

DELORAINÉ, May 25.—There can be but one opinion in reference to railway monopoly, and that is that it is a curse to the country, and should not have been tolerated so long as it has.

JOHN RENTON, Reeve of Doleraine.

MORRIS, May 25.—I consider the monopoly ought to cease.

R. F. MCTAVISH, Mayor.

BRANDON, May 25.—I think the continuation of the railway monopoly should be strenuously opposed by this Province. Look to the Provincial Government to solve the question. The representatives of this Province should stand by the Government in building a road to the boundary, also other roads that will give competition to the western part of the Province.

J. ADAMS, Mayor.

EMERSON, May 25.—I consider the railway monopoly detrimental to the progress and prosperity of the Province. Will assist in any way we can to have the same done away with.

A. R. IRWIN, Mayor.

GRETNA, May 25.—Should like competing railway by all means.

PETER FUNK, Reeve of Douglass.

PORTAGE LA PRAIRIE, May 25.—Monopoly is a curse to this Province. We cannot get competition too soon.

J. P. YOUNG, ex-Mayor.

VIRDEN, May 25.—I am heartily in accord with the Provincial Government measures re disallowance, and trust our Province will withstand all monopoly pressure. Competing lines will not only reduce rates, but encourage and increase immigration. While giving due credit to the C. P. R. enterprise, I think we should look to the interests of our Province rather than to those of a syndicate of capitalists.

W. MACDONALD, Reeve of Pipestone.

WESTBOURNE, May 25 —Large majority in this county opposed to the disallowance policy of the present Government.

A. E. SMALLEY, Reeve of Westbourne.

Were it necessary many columns of such endorsement could be had, but space will not admit of it.

It is impossible not to recognize the Provincial character of the movement, and the efforts made by your President to put a stop to it by threatening, in violation of a solemn agreement, to remove the workshops from Winnipeg, and to side-track this city, would be laughable but for the tyrannical spirit which prompts them.

THE TRUE INTERESTS OF THE C. P. R.

These boards believe that the interests of the shareholders of the Canadian Pacific Railway Company are identical in this matter with the interests of the people of Manitoba. To the latter competition will bring lower rates, and, therefore, better prices, contentment, development and prosperity. The Company is owner of a vast quantity of wild lands in the Province. The development of the Province and its resources by the influx thereto of capital, and, above all, of settlers, would mean the great enhancement of the value of those lands, and an enormous increase in the earnings of the Company, consequent upon largely increased production in the country of commodities to be exported from it, and a largely increased consumption of commodities that must be imported into it. In the competition for the carriage of these commodities outwards and inwards the Company will always have an enormous advantage over any other possible line; and, therefore, having regard to the increase of business, the presence in the Province of a competing line of railway cannot, at a very early date, do otherwise than benefit it. In other words, it would be better for the C. P. R. to take—what it would be sure to have—the lion's share of the business offered by three or four times the population than to have a monopoly of the business offered by one hundred thousand people. It is an admitted fact that the more business a railway company handles the cheaper it can afford to do the work; and this being so, competition will bring benefit both to the railroad company and

the general public. We specify competition, because a mere reduction in rates under a monopoly will never be satisfactory. No would-be emigrant will locate himself, if he can help it, where his very existence is dependent on the whim of a single railroad corporation.

Even this season, 20,000 carloads will be required to move our exports of farm produce, and, with the stimulus that competition and better prices would give, the time would speedily arrive when your Company would have more business than it could handle.

This is the view of Hon. Thomas White, who took up this particular branch of the subject in an address delivered in this city in the month of March last. Mr. White said:

"There will be trade enough in Manitoba and the Northwest to afford profitable returns for both the Canadian Pacific and the Grand Trunk Railways if the latter should find entrance here; and it would be no small advantage to the country as a whole to have the large interests connected with these two great corporations enlisted in the work of developing the great west, instead of—as there is too much reason to fear has been the case in the past—as to one of them, devoted rather to the prevention of that development."

There can be no question as to the correctness of this argument, and, therefore, even viewed from the standpoint of self-interest, the policy which your directors are seeking to pursue seems to be a short-sighted one.

It is cause for regret that there has not of late been that co-operation and good feeling between your company and the people of Manitoba that their apparent community of interest would lead one to expect. For this condition of affairs your directors are blamable. Railroad extensions have not been made as fast as the wants of settlement demanded, and, when made, the work has been done largely at public expense. Lands, more particularly in the southern portion of the province, have been held by the company at an almost prohibitive figure, and such as to greatly retard settlement. Immigration has been swept past the province to the territories beyond, thus scattering settlement and isolating the settlers. Manufacturing industries, even when congenial to the country, have not been encouraged. Take the items of linseed oil and oil cake. A company that engaged in the manufacture of those articles in Winnipeg found that they were charged five per cent more freight on their product from Winnipeg to the Pacific coast than was charged by your company for carrying the same commodities from Montreal to the Pacific coast, double the distance. Here is discrimination of a different kind. The municipality of Morris gave your company a bonus of £10,000 sterling in consideration of placing a station at the

town of Morris, yet the local rates on wheat imposed at that station were such that the farmers found it cheaper to draw their wheat with horses and sleighs to Winnipeg and to the International boundary than to ship by rail. Many such instances of unfair discrimination might be given, and time and again has redress been sought, but with little satisfaction accorded. A condition of things such as is here referred to, is calculated to repel rather than attract capital, and has certainly retarded the development of the country.

It is for you to consider whether it is not best to acquiesce in the removal of the ban of monopoly so as to create greater confidence among capitalists, and thereby leave the province free to develop itself in your interests as well as those of its inhabitants; relying for your future profits rather upon a largely-increased traffic at reasonable rates, and the enhancement of the value of your lands, than upon exorbitant charges upon a comparatively small system. Your president admits that the Red River Valley Railway cannot ruin your system. We believe it will benefit it. This road will certainly be built. Already almost the entire liability has been incurred. The province is thoroughly committed; the enterprise is supported by a united people and by inherent right, and its completion cannot fail to be an accomplished fact at a very early date—and that, too, by lawful means. It is far better that the inevitable should be submitted to by you with good grace, that your company and the people of Manitoba should work hand-in-hand to build up the country and their common interests, than that extortion and threats should provoke alienation, irritation and discontent, and that there should be found wanting that unity without which the development of any country is an impossibility. Of one thing we can convince the shareholders, and that is that Manitobans are fully determined to have their constitutional rights and the fulfilment of solemn promises made to them not once, but often. They have no desire to do the railroad company any injury. They are willing to have it receive all that it was given it in the contract, but they are not willing to be compelled in addition to contribute something that is demanded of no other province, and that cannot be yielded without a sacrifice both of provincial autonomy and of provincial advancement.

For the Board of Trade of Winnipeg,

J. H. ASHDOWN, *President.*

For the Board of Trade of Brandon,

J. C. ROBINSON, *President.*